

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

GLEASON PROPOSED AMENDMENT # 2

DATE PREPARED: March 21, 2005

COMPANY: Arizona Public Service Company

DOCKET NO. E-01345A-03-0437

OPEN MEETING DATES: March 24 and 28, 2005 AGENDA ITEM: U-1

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Page 21, line 21, after the period INSERT a new paragraph to read:

“The Settlement Agreement also provides that renewable resources acquired through the special RFP or future solicitations shall be subject to the Commission’s customary prudence review. And while the Settlement Agreement further stipulates that a renewable resource purchase shall not be found imprudent solely because the cost of the renewable resource exceeds market price, we stipulate conversely that a renewable resource purchase shall not be rendered prudent solely by virtue of the resource’s cost being below 125 percent of market price.”

Make all conforming changes.